

DEPARTMENT OF REAL ESTATE

PO Box 187000
Sacramento, CA 95818-7000
916 227-0770



May 15, 2009

American Team Mortgage Inc
Steve Mark Hufstedler, Designated Officer
23120 Alicia Pkwy Suite 200
Mission Viejo, CA 92692

Re: Advance Fee Agreement

This letter will acknowledge our receipt of your advance fee agreement and accounting format on April 28, 2009 and May 7, 2009. We also received two advertising letters for review.

The Department has no objection to your use of the advance fee agreement and accounting format as submitted. However, the advertising cannot be used because they violate the real estate laws and regulations as discussed below.

This agreement received May 7, 2009 replaces any other agreement previously submitted for the Department's review. Additionally, it is not to be used by other than the submitting broker or real estate corporation.

The advertising letters do not include all of the required license disclosures. See form RE 858 for a summary. Both ads are misleading as they are formatted to appear to be "advisory" notices with "eligibility" references but the ads do not disclose what the eligibility is for or how it was determined. One of the ads violates Business and Professions Code Section 14702. One of the ads cites "actual completed cases". Submit evidence to substantiate these cases.

Please note that any changes to the agreement or the accounting format must be submitted to the Department for review before it is used. Any promotional materials that you may subsequently wish to use will require our prior review, as well. This includes press releases and announcements related to your advance fee activities.

This letter does not constitute, nor may you make any representation that the Department of Real Estate has endorsed or approved any aspect of your business activities.

Sincerely,

Sylvia I. Yrigollen
Senior Deputy Commissioner
Advance Fee Review Section

MAY 07 2009

ADVANCE FEE AGREEMENT FOR LOAN MODIFICATION SERVICES ADVERTISING

This **ADVANCE FEE AGREEMENT FOR LOAN MODIFICATION SERVICES** (this "agreement") is made and entered into this ____ day of _____, 20__, by and between American Team Mortgage, Inc. (the Broker) and _____ (Insert name(s) of the borrower(s)/principal(s) represented in this agreement) (The Principal) for the mortgage loan modification services described herein.

A. PRELIMINARY MATTERS**1. IMPORTANT NOTICES TO THE PRINCIPAL**

- a. The amount or rate of fees specified in this agreement for services is not fixed by California law. Fees are set or established by each Broker individually and are subject to negotiation between the Principal and the Broker.
- b. The Principal is compensating American Team Mortgage, Inc. (Broker) for services and the Principal may be able to obtain at no charge from a housing counselor or by contacting the Lender(s) directly.
- c. Brokers are licensed by the California Department of Real Estate. The Department provides public information regarding its licensees, including the current license status and applicable disciplinary history (if any discipline has been imposed or is pending.) The Principal can search the Department's licensing information about the broker at www.dre.ca.gov, by selecting the box captioned "Real Estate License Lookup" and following the directions and entering the information required in the box titled "Public License Information."
- d. California Civil Code Section 2945.1(b)(3) prohibits a Broker from claiming, demanding, charging, collecting or receiving any compensation or advance fee from a person whose residence is in foreclosure until all of the promised services have been fully performed and completed. **THIS AGREEMENT MAY NOT BE USED AND SHOULD NOT BE EXECUTED BY THE PRINCIPAL IF A NOTICE OF DEFAULT HAS BEEN RECORDED AGAINST THE SUBJECT PROPERTY LISTED BELOW.**

THE PRINCIPAL CERTIFIES BY INITIALING BELOW THAT THE PRINCIPAL HAS READ THE "IMPORTANT NOTICES TO THE PRINCIPAL" PROVIDED ABOVE, AND THAT A NOTICE OF DEFAULT HAS NOT BEEN RECORDED AGAINST THE SUBJECT PROPERTY.

Initials of Principal(s)

2. INFORMATION REGARDING THE LOANS(S) AND RELATED PROPERTY ("SUBJECT PROPERTY") FOR WHICH THE LOAN MODIFICATION SERVICES WILL BE PROVIDED:

Lender Name _____

Loan Account Number _____

Address of Property _____

Description of Existing Loan Obligations(s) on the Subject Property

2Nd Lender Name _____

2nd Loan Account Number _____

B. AGREEMENT

In consideration of the mutual promises and agreements exchanged, the Broker and the Principal agree as follows:

1. Amount and Payment of Advance Fee. The Principal agrees to pay an advance fee of \$3,495. to the Broker on the date this agreement is signed by the Principal, or within 15 days of the execution of this agreement by all parties.

2. Deposit of Advance Fee and Accounting of Funds. The Broker will deposit the advance fee in to American Team Mortgage, Inc. trust account #09929-70324, located at Bank of America, 26821 Trabuco Road, Mission Viejo, CA 92692. The Broker will provide a verified accounting of these funds to the Principal at the end of each calendar quarter following the execution of his agreement by the Principal, and at the completion or termination of this agreement (whichever occurs first.)

3. Scope and Completion, and Payment for, Loan Modification Services. The Broker shall perform the following loan modification services (without limitation) for and on behalf of the Principal. It is understood by the parties that the list below is not exhaustive, and that not all of the services listed below may be relevant to the Principal's loan(s) on the subject property.

PHASE I:

- A. Interview the Principal(s), gather and review information about the current loan(s) and terms to include:

Mortgage loan(s) principal balance, monthly payment amount, mortgage statements, loan documents, current interest rate, expected rate and/or payment adjustments, equity loan(s), payment history and correspondence from the lender(s).

Information about the Principal's income and assets, including:

Paystubs, W2s, 1099s, benefit award letters, retirement and pension benefit statements, annuity statements, child support/alimony, tax returns, profit and loss statements, schedules of real estate owned, stock and mutual fund portfolio statements, bank statements, proof of any other income.

Information about Subject Property, including:

Property profile, comparable sales, active listings, current property listings and other applicable documents

Information about the Principal's ability to repay the loan(s) including:

Credit history, hardship circumstances, financial profile (assessment of income, assets, expenses and housing debt to income ratio).

- B. Assist the Principal in preparing a hardship summary/letter.

- C. Prepare and submit loan modification request and package of supporting documents to the lender(s).
- D. Completion of Phase I Services The Broker will complete these Phase I services by _____, and in no case later than 30 calendar days from the date this agreement is made, as first above written.
- E. Payment for Phase I Services The Broker shall be entitled to 25% of the advance fee (which entitlement percentage for Phase I services equals \$870.00 for the performance of the applicable and relevant services described in Phase I (and others as may be necessary and/or appropriate).

Phase II:

Phase II services are focused on the Broker's efforts to vigorously and successfully seek through the Lender(s) an offer to the Principals (which offer shall be assessed by Broker and clearly explained to the Principals) of proactive loan modification solutions which will provide the Principals with the opportunity to remain the Subject Property while making affordable loan payments.

- A. Contact the Lender(s) to discuss/negotiate the loan modification requests(s) and package of supporting documents.
- B. Communicate regularly with the Lender(s) to attempt to negotiate new, and more favorable loan terms on behalf of Principal.
- C. Assist the Principal in understanding and deciding about the modification terms offered by the Lender(s).
- D. Successfully negotiate and/or accomplish a loan modification from the Principal. "Successful loan modification performance" by the Broker shall have occurred if the Principal accepts one or more of the loan modifications set forth below:

Change adjustable interest rate to a fixed interest rate

Reduce fixed interest rate to a lower fixed interest rate

Reduce balance of the principal amount of the loan

Reduce adjustable interest rate/reduce CAPS of adjustable interest rate

Stop upward adjustment of adjustable interest rate

Arrange for the delinquent payment amounts to be added to the end of the loan

Arrange for the delinquent payment amounts to be added to a longer loan period

Arrange for the delinquent payment amounts to be accepted in an alternative payment plan

Eliminate or reduce the delinquent payment amounts

Arrange for the lender to accept a discounted pay-off or forbearance

- E. Completion of Phase II Services. The Broker will complete these services by _____, and in no event, later than 90 calendar days from the date this agreement is made, as first above written.

- F. **Payment for Phase II Services.** The Broker shall be entitled to 75% of the advance fee (the remainder of the advance fee not earned and paid for Phase I services (which entitlements percentage for Phase II services equals \$2,625.00) only for the "successful loan modification performance" of these Phase II services as described in Phase II (section d above).
- G. **Refund of Advance Fee Until Earned.** The advance fee paid by the Principal is fully refundable until earned by the Broker. If any of the agreed upon services are not completed by the Broker by the agreed upon completion date(s), the unearned portion of the advance fee will be refunded to the Principal within 5 business days. If this agreement is terminated by the Principal before the agreed upon completion date and before the agreed upon services are completed, the unearned advance fee will be refunded to the Principal within 5 business days.
- H. **Responsibilities and Obligations of the Principal.** The Principal agrees to furnish the Broker with truthful and accurate information and any documents that will be required by the Broker and the Lender(s) to assess the Principal's financial status, including, (without limitation) the following:
- Mortgage Statements – past three months
 - Paystubs – past two pay periods
 - W2 forms, 1099 forms, and/or Tax Returns – past two years
 - Profit and Loss Statements – past 2 years (if self-employed)
 - Bank Statements – past two months
 - Verification of any other income, Benefit/Award letters, Retirement Statements, Pension Benefit Statements, Annuity Statements, Child
 - Support/Alimony
 - Schedules of Real Estate Owned, Stock and Mutual Fund Portfolio Statements
 - Authorization for the Broker to obtain Principal information from Lender
- The Principal also agrees to provide additional information or documentation within 5 business days of the Broker's request. The Principal further agrees to immediately notify the Broker of any change in the Principal's address.
- I. **Reasonable Efforts/No Guarantees.** The Broker will make reasonable efforts to conclude a "successful loan modification performance" as described in Phase II above. However, the Principal acknowledges that the Broker cannot guarantee that the Principal's existing lender(s) will agree to a modification of the loan(s), and that the Principal's existing lender(s) is not obligated to modify the terms of the loan(s).
- J. **Governing Law.** This agreement shall be governed by and construed under the laws of the State of California.
- K. **Amendments.** Except as set forth herein, this agreement may not be amended or modified orally and no provision of this Agreement may be waived or amended except in a writing signed by the Principal and the Broker.
- L. **Severability.** If any provision in this agreement is determined to be invalid, illegal or otherwise unenforceable, the determination will not affect any other provision of this agreement. The invalid

provision will be severed from this agreement and all remaining provisions will continue to be in full force and effect.

- M. **Termination of Agreement.** Either the Principal or the Broker may terminate this agreement at any time for any reason upon written notice to the other party. At the time of termination, all earned but unpaid fees for completed services (as set forth and described in provision number 3 of this agreement) become due and payable.
- N. **Dispute Resolution.** The parties to this agreement will endeavor to resolve any disputes or disagreements between them with respect to or concerning this agreement in a fair and amicable manner. However, if the parties are unable to resolve any such disputes between and/or among themselves (whether in law or equity), the parties expressly agree to binding, neutral arbitration in accordance with the California Code of Civil Procedure with any recognized California arbitration service. Said binding arbitration shall be the exclusive dispute resolution mechanism for seeking legal redress under this agreement. The arbitration hearing shall be conducted pursuant to the California rules of evidence and shall occur in the county where the Subject Property is located. The parties agree to share equally the costs of any such arbitration. Reasonable attorney's fees and costs shall be awarded to the prevailing party.
- O. **Time of Essence.** Time is of the essence with respect to every provision of this agreement that specifies a time for performance.
- P. **Entire Agreement.** Except as otherwise provided by section 2970 (b)(4) of Title 10 of the Code of Regulations, Chapter 6 (Real Estate Commissioner's Regulation), this agreement constitutes the entire agreement and a complete and exclusive expression of the parties' agreement respecting the loan modification services contemplated. Except as conditioned above, this agreement may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement.
- Q. **Assignment.** No assignment by the Principal or the Broker of this agreement, or of any rights or obligations hereunder, shall be valid without the prior written consent of all of the signatories to this agreement.
- R. **Acknowledgements and Representations.** The parties signing below acknowledge they have read and understood this agreement and have each received a copy. The Principal(s) warrants that he/she/they have the authority to enter into this agreement with regard to the Subject Property and loan(s) herein described.

_____ Name(s) or Principals(s)	_____ Signature	_____ Date
_____ Name(s) of Principal(s)	_____ Signature	_____ Date
_____ American Team Mortgage, Inc.	_____ Signature	_____ Date

VERIFIED ACCOUNTING FOR ADVANCE FEES

Broker (Corporation) Name: American Team Mortgage, Inc.

Broker Address: 23210 Alicia #200, Mission Viejo, CA 92692

Broker Trust Account #: 09920-70324

Depository: Bank of America

Principal Name:

Principal Address:

Lender Name:

Loan Account Number:

2nd Lender Name:

2nd Loan Account Number:

Advance Fee Accounting				
Advance Fee Amount Received	From (Principal)	Date Received	Date Deposited in trust account	Balance
\$3,495.00				

Services Performed by broker	Date Performed	Amount of fee allocated	Date Disbursed	Balance
All phase I services including: Loan modification package submitted to lender at (address): Loan modification package submitted to 2 nd lender at (address):				
All phase II services including successful loan modification				

I hereby represent and attest that this is a true and accurate accounting.

Signed

Date

Broker Name

License ID Number